

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 1999-851

August 6, 2003

PUBLIC UTILITIES COMMISSION  
Investigation into Verizon Maine's  
Alternative Form of Regulation

PROCEDURAL ORDER  
(POST-REMAND NO. 3)

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The Commission intends to decide the second phase of the post-remand issues in this case at a deliberation in September. Those issues are described in the Notice of Further Proceedings Following Remand (NFR) (March 19, 2003) in Part V, "Addressing the Section 9103(1) Finding." <http://www.state.me.us/mpuc/ordtbl2003.htm>. Part V describes a number of questions concerning the kind of information the Commission needs to make the finding required by 35-A M.R.S.A. § 9103(1) and various alternative courses of action the Commission might take.

The Commission is prepared to decide those issues based on the briefs (filed on April 29) and the record as it now exists. There will be no Examiner's Report. Parties may request an oral argument. If the Commission does hold oral argument, it is likely that it will be held on the same day as deliberations.

Parties shall inform the Commission in writing by August 20, 2003, if they wish to present any further materials or evidence concerning the issues described above. Any request to present further materials or evidence shall describe the proposed materials or evidence and explain both their relevance and how the record presently lacks the information in question. If the Commission grants a request to present further evidence and that presentation requires an evidentiary hearing, the deliberations may be delayed.

At the request of the Commission, Verizon Maine recently provided earnings reports for calendar years 2001 and 2002 and for the twelve months ending March 2003. These differ from the annual reports filed by Verizon in April of each year in that intrastate costs and revenues are separated from interstate costs and revenues. Copies of the reports requested by the Commission are attached. We note that the reports fail to exclude deferred income taxes from rate base, as is required by Commission policy. That failure affects the reported earnings. If corrections to rate base and earnings are made, the reports show the following rate bases and returns on investment:

	Rate Base	Return
2001	\$447,512,610	9.72%
2002	\$138,351,727	11.07%
12 months ending March, 2003	\$435,102,210	9.87%

We invite parties to file memoranda or comments, on or before August 20, 2003, about whether and how the Commission should use these reports in deciding the issues described in Part V of the NFR.<sup>1</sup>

Dated at Augusta, Maine, this 6<sup>th</sup> day of August, 2003.

BY ORDER OF THE HEARING EXAMINER

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Peter Ballou

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<sup>1</sup> Those issues include, of course, whether to conduct a rate case or conduct some other form of “rate comparison determination” required by the Law Court’s decision. The earnings reports discussed above could be used for the relatively limited purpose of making that decision. They might also be useful in making an actual “rate comparison determination” that is necessary for the finding required by 35-A M.R.S.A. § 9103(1).